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# HOUSE BILL No. 1424

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-3-5; IC 6-3-3-11.

**Synopsis:** College contribution tax credit. Increases the maximum adjusted gross income tax credit for charitable donations to institutions of higher education located in Indiana for taxable years beginning after December 31, 2004. Indexes the credit in future years to the change in the Consumer Price Index.

**Effective:** January 1, 2005 (retroactive).

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**Turner**

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January 13, 2005, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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## HOUSE BILL No. 1424

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3-3-5 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 5. (a) At  
3 the election of the taxpayer, there shall be allowed, as a credit against  
4 the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for  
5 the taxable year, an amount (subject to the applicable limitations  
6 provided by this section) equal to fifty percent (50%) of the aggregate  
7 amount of charitable contributions made by ~~such the~~ taxpayer during  
8 ~~such the taxable~~ year to institutions of higher education located within  
9 Indiana, to any corporation or foundation organized and operated solely  
10 for the benefit of any ~~such~~ institution of higher education, or to the  
11 associated colleges of Indiana.

12       (b) In the case of a taxpayer other than a corporation, the amount  
13 allowable as a credit under this section for any taxable year shall not  
14 exceed: ~~one~~

15       **(1) two hundred fifty dollars (\$100) (\$250), as increased under**  
16 **section 11 of this chapter for taxable years beginning after**  
17 **December 31, 2005, in the case of a single return; or two**



(2) **five** hundred dollars ~~(\$200)~~ **(\$500)**, as increased under section 11 of this chapter for taxable years beginning after December 31, 2005, in the case of a joint return.

(c) In the case of a corporation, the amount allowable as a credit under this section for any taxable year shall not exceed:

(1) ten percent (10%) of ~~such~~ the corporation's total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for such year (as determined without regard to any credits against that tax); or

(2) ~~one two thousand three hundred fifty dollars (\$1,000);~~ **(\$2,350)**, as increased under section 11 of this chapter for taxable years beginning after December 31, 2005;

whichever is less.

(d) For purposes of this section, the term "institution of higher education" means any educational institution located within Indiana:

(1) which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on;

(2) which regularly offers education at a level above the twelfth grade;

(3) which regularly awards either associate, bachelors, masters, or doctoral degrees, or any combination thereof; and

(4) which is duly accredited by the North Central Association of Colleges and Schools, the Indiana state board of education, or the American Association of Theological Schools.

(e) The credit allowed by this section shall not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits ~~(as determined without regard to this section)~~ allowed by:

(1) IC 6-3-1 through IC 6-3-7, **as determined without regard to this section; and**

(2) **IC 6-3.1, that under IC 6-3.1-1-2 are to be applied before the credit allowed by this section.**

SECTION 2. IC 6-3-3-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 11. (a) This section applies only to the maximum tax credit limits specified in section 5 of this chapter.**

**(b) As used in this section, "CPI" refers to the average of the Consumer Price Index at the end of the twelve (12) month period ending on June 30 of a year.**

**(c) As used in this section, "Consumer Price Index" means the**

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most recent Consumer Price Index for all urban consumers published by the United States Department of Labor. If the United States Department of Labor revises the Consumer Price Index after July 1 of a year, the term refers to the Consumer Price Index most consistent with the Consumer Price Index for the state fiscal year ending on June 30 of that year.

(d) Not later than December 15 of each year, the department shall prescribe maximum tax credit limits that apply instead of the maximum tax credit limits specified under section 5 of this chapter for taxable years that begin in the succeeding calendar year.

(e) A maximum tax credit limit that applies with respect to taxable years beginning in the succeeding calendar year is equal to the greater of the following:

(1) The maximum tax credit limit applicable to taxable years beginning in the current calendar year.

(2) A maximum tax credit limit determined under STEP THREE of the following formula:

STEP ONE: Determine the maximum tax credit limit for taxable years beginning in the current calendar year.

STEP TWO: Determine the percentage, rounded to the nearest one-hundredth percent (0.01%), by which the CPI for the twelve (12) month period ending on June 30 of the current calendar year exceeds the CPI for the twelve (12) month period ending on June 30 in the preceding calendar year.

STEP THREE: Increase each STEP ONE amount by the STEP TWO percentage. If the amount determined under this STEP is not a multiple of fifty dollars (\$50), round the amount to the next lowest multiple of fifty dollars (\$50).

(f) The department shall publish the maximum tax credit limits determined under this section in the Indiana Register and in the appropriate tax forms and informational material provided to taxpayers.

SECTION 3. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]

(a) IC 6-3-3-5, as amended by this act, applies to taxable years beginning after December 31, 2004.

(b) The department of state revenue shall make the initial computation under IC 6-3-3-11, as added by this act, not later than December 31, 2005. The maximum tax credit limits determined under IC 6-3-3-11, as added by this act, apply to taxable years beginning after December 31, 2005.

SECTION 4. An emergency is declared for this act.

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